

Council clashes over trimming contracts - Cuts - Times-Picayune, The (New Orleans, LA) - December 8, 2009 - page B 01

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How the City Council should regulate the companies that provide electricity and natural gas to New Orleans customers has been a focus of controversy at City Hall for months, but the debate reached a new peak of acrimony Monday, with one council member saying the process made her "sick" and "embarrassed to have been part of this."

At issue was the size of the 2010 contracts for five legal, engineering and accounting firms that have worked for the council in recent years and which the council decided last month to rehire for next year.

The firms' 2009 contracts provided for maximum compensation totaling \$6.35 million. The firms send their bills to the council, which is reimbursed by Entergy New Orleans and Entergy Louisiana using money they get from customers.

The council, which just got through cutting several million dollars from the city's 2010 budget, wanted to trim the contracts by a total of \$150,000.

Monday's fight was over whether to cut all the contracts by the same percentage, as **Utility** Committee Chairwoman Shelley **Midura** wanted, or to reduce only the contracts of the two out-of-town firms that have the largest contracts, as Councilwoman Cynthia Hedge-Morrell proposed.

After more than an hour of often heated debate, the council cut \$300,000 from the contract of the Washington, D.C., law firm that is its principal legal adviser on **utility** issues and added \$207,000 to the contract of a local law firm. The contracts of two local accounting firms were maintained at their 2009 level, and the contract of a Denver engineering firm was cut by \$45,000.

Midura, who voted against most of the contracts to protest the changes, said, "This makes me sick."

Suggesting that other council members were more interested in protecting the interests of friends and political supporters than saving money and getting the best possible work for the city, **Midura** said, "I hope the citizens of New Orleans see through what has happened here."

She said after the meeting she was considering resigning as **Utility** Committee chairwoman before her council term ends in May.

Midura tried several months ago to get the council to consider different ways of regulating the **utility** companies, saying there might be cheaper ways of achieving the same results than hiring high-priced outside **consultants**. Most of her colleagues refused to go along with her, however, saying the current regulatory approach has worked well and they saw no reason to change it.

Because 2009 was the fifth year of the **consultants'** current contracts, the pacts could not be extended past Dec. 31 and the council had to issue a new request for qualifications. However, only seven firms responded: The five current **consultants** and two others that all sides agreed were not acceptable.

Monday's actions mean the council will have these **consultants** in 2010: the Washington law firm of Sonnenschein, Nath & Rosenthal LLP, to be paid a maximum of \$3 million, down from \$3.3 million this year; the Legend Consulting Group of Denver, which handles engineering and technical matters, \$1.905 million, down from \$1.95 million; Wilkerson and Henry LLC, a local law firm, \$807,000, up from \$600,000; and the local accounting firms of Bruno & Tervalon LLP and Paillet, Meunier & LeBlanc LLP, \$250,000 each, the same as this year.

Hedge-Morrell, Cynthia Willard-Lewis and James Carter said the current contractual arrangements, under which more than 80 percent of the council's regulatory money goes to out-of-town firms, violate a law the council passed in June setting "goals" that local companies would get 50 percent of all public spending and "socially and economically disadvantaged businesses" would get 35 percent.

None of the five firms has qualified as a "disadvantaged" business.

Hedge-Morrell and Willard-Lewis said the Sonnenschein and Legend contracts have been increased several times in recent years while the local firms' contracts have remained at the same level. Also, they said, the local firms, unlike the out-of-town ones, often end up billing the city for less than the maximum value of their contracts. Willard-Lewis said Sonnenschein charges "exorbitant" rates, such as \$150 an hour for a legal secretary.

Midura said Sonnenschein and Legend do the bulk of the work in representing the city's interests before the Federal Energy Regulatory Commission and, because of their national and Washington connections, are able to do work the local firms can't.

Carter said the Wilkerson firm can do a larger share of the FERC work. "You don't have to be a Jedi knight," he said.

Council President Arnie Fielkow recused himself from voting on the Wilkerson contract because of a conflict of interest. Fielkow, Hedge-Morrell and Willard-Lewis all said they had paid the Paillet firm for work in the past but no longer have any ties to it, and they all voted for its contract.

Midura voted for the Sonnenschein contract and against all the others. Stacy Head voted for the Sonnenschein contract but then left the chamber and did not vote on any of the others.

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